



DECEMBER 30, 2020

PROJECT NO: 16-102
VIA US MAIL

CERTIFIED MAIL NO. 7020 0090 0001 6352 7969
RETURN RECEIPT REQUESTED

Ms. Carol Stein
U.S. Environmental Protection Agency – Region 2
290 Broadway
New York, NY 10007-1866

CERTIFIED MAIL NO. 7020 0090 0001 6352 7976
RETURN RECEIPT REQUESTED

Mr. Jean Pierre Oriol
Commissioner
Virgin Islands Department of Planning and Natural
Resources
45 Mars Hill
Frederiksted, VI 00840

CERTIFIED MAIL NO. 7020 0090 0001 6352 7983
RETURN RECEIPT REQUESTED

Mr. Donald G. Frankel
Department of Justice
Suite 236
Environmental Enforcement Section
408 Atlantic Avenue
Boston, MA 02110

CERTIFIED MAIL NO. 7020 0090 0001 6352 7990
RETURN RECEIPT REQUESTED

Ms. Denise N. George, ESQ.
Attorney General
For the United States Virgin Islands
Department of Justice
Office of the Attorney General
334-38 Kronprindsens Gade
GERS Building, 2nd Floor
St. Thomas, Virgin Islands 00802

RE: 2019 Expenditure Report
Bankruptcy Case No. 1: 15-bk-10003-MFW; EPA ID No. VID980536080

Dear Ms. Stein, Mr. Oriol, Mr. Frankel, Ms. George:

The HOVENSA Environmental Response Trust (ERT) hereby submits the final expenditure report for all routine expenditures incurred between January 1, 2019 and December 31, 2019. This report is submitted in accordance with Section 6.1 of the ERT Agreement.

The budget for 2019 was submitted on December 20, 2018 for review and approval as outlined in the ERT Agreement. Budget approval was provided by DPNR in a letter dated March 1, 2019, EPA in a letter dated March 12, 2019 and by the US DOJ in an email dated March 14, 2019.

The ERT operated within budget in 2019; total expenditures for 2019 are \$4,211,915 which is below the budgeted amount of \$8,560,058. Some notable differences between the budgeted amounts and estimated actuals include:

HOVENSA Environmental Response Trust

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1. Negotiated Fees

- Successful negotiations of the Shared Services Agreement with Limetree resulted in a savings of \$730,764 in fees for wastewater treatment, oily water sewer testing and repair, compressed air and water. As discussed towards the end of this letter, the monthly wastewater treatment fee was higher than the actual usage which resulted in a credit issued by Limetree in the amount of \$744,637.91; the issued credit did not affect the 2019 expenditures but does impact 2020 expenditures.

2. Delay of Work and/or Expenses:

- \$1,860,000 budgeted for removal of materials from the Scrap Metal / Recycle Yard was not expended in 2019. Work has begun on the clean-out of the former HOVENSA, L.L.C. Recycle Yard located in the southeast portion of the site and the ERT has not yet incurred any charges for this work. Per agreement with the contractor, recyclable materials that belong to the contractor, such as scrap metal, are being removed first; the ERT will begin incurring charges when tires, hoses and non-recyclable materials are removed from the area. The \$1,860,000 was rolled into the 2020 and now the 2021 budgets.
- The ERT has not yet been directed to release funds for the PRI Consent Decree Water and Power Authority (WAPA) project and this resulted in an excess of \$423,898 in the 2019 budget. These funds are included in the 2020 and 2021 budgets and the ERT is prepared to distribute the funds as directed.

3. Work Completed Under Budget

- Closure of Landfarms 2 and 3 began in 2018 and was completed in 2019. Closure work was completed under budget in both years; the 2019 work was \$119,561 under budget.
- Due to the successful closure of the Landfarms, monies budgeted under the Limetree funding for continued operation of the Landfarms was mostly not utilized resulting in a \$334,323 savings in the 2019 expenditures.

The ERT is committed to working within the wind-down budget created by HOVENSA, L.L.C. (HOVENSA) which is provided in the February 17, 2016 ERT Agreement. Notable deviations from the wind-down budget include:

- The wind-down budget created by HOVENSA assumed Landfarms 2 and 3 would be closed by the end of 2017. HOVENSA's assumption allotted two years for the revised Landfarm Closure and Post-Closure Plan to be incorporated into the RCRA Part B Permit and the Landfarm closure work to be completed. Closure work could not begin until 2018 when the Landfarm Closure and Post-Closure Plan was incorporated into the Permit. EPA's May 29, 2018 letter approved the Permit modification and effectively incorporated the updated Landfarm Closure and Post-Closure Plan into the Permit. The ERT mobilized for landfarm closure in June 2018, completed closure in 2019, and submitted the final Landfarm Closure Report and Certification on May 3, 2019.

As a result of the deviation in HOVENSA's assumed timeline for the closure of Landfarms 2 and 3, an unanticipated \$716,619 for on-going operation of Landfarms 2 and 3 were incurred by the ERT from 2017 through 2019. And though budget years 2017, 2018 and 2019 were completed under budget for line item 6 ("Landfarm 2 & 3 / RCRA Permit"), the project has deviated from the wind-down budget developed by HOVENSA. The wind-down budget was utilized as the basis for funding for the ERT.

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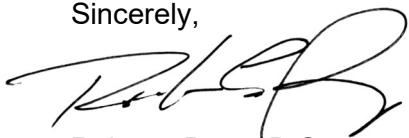
- As discussed with EPA and DOJ on numerous occasions including a July 18, 2019 meeting held in EPA's offices in New York and a September 16, 2020 Microsoft Teams meeting, the unanticipated creation of Limetree Bay Refining, LLC and the potential restart of select refinery assets will inherently reduce the ERT's pro rata portion of wastewater treatment fees and utility fees specified in the Amended Shared Services Agreement. As a result, if the refinery restart is successful, the ERT currently remains on track with the wind-down budget. If the refinery does not restart, or if refinery operations do not continue for an extended period of time, the ERT's forecast will be impacted and the ERT's ability to operate within the wind-down budget may be affected.

Per the Amended Shared Services Agreement, in 2019 Limetree billed the ERT a flat monthly wastewater treatment usage fee of \$130,000 which resulted in expenditures of \$1,560,000 for the year. The Amended Shared Services Agreement specifies that a true-up based on actual usage of the wastewater plant would occur at the end of the year. Based on actual usage rates, the ERT's share of wastewater treatment costs for 2019 was \$815,362.09 and the ERT had overpaid \$744,637.91 in wastewater treatment fees. Limetree issued the ERT a credit of \$744,637.91 and that credit was drawn down in 2020.

In addition to the enclosed report of budgeted and actual expenditures for 2019, a summary table of 2019 invoices is attached. Hard copies of this letter are accompanied by a USB flash drive containing copies of all 2019 invoices. Electronic copies of this letter are accompanied by an e-mail from files@sendthisfile.com which provides a temporary link from which the file containing 2019 invoices may be downloaded. Please note the temporary link will be available for fourteen days from the date of the e-mail; If future downloads are required you may contact Carey Guilbeau via e-mail at cguilbeau@hovensaert.com for assistance.

If additional information is required, please contact Carey Guilbeau at (340) 692-3179.

Sincerely,



Roberto Puga, P.G.

Agent of Project Navigator Ltd., solely in its capacity as Trustee for the HOVENSA Environmental Response Trust

Enclosure

cc: Ms. Amy Chester, EPA Region 2 (Chester.Amy@epa.gov)
Mr. William Sawyer, EPA Region 2 (Sawyer.William@epa.gov)
Ms. Flaire Mills, EPA Region 2 (Mills.Flaire@epa.gov)
Mr. Nidal Azzam, EPA Region 2 (Azzam.Nidal@epa.gov)
Mr. Adolph Everett, EPA Region 2 (Everett.Adolph@epa.gov)
Mr. Jim Casey, EPA Region 2 (Casey.Jim@epa.gov)
Ms. Pamela Tepper, VIDOJ (Pamela.Tepper@vi.gov)
Mr. Austin Callwood, VIDPNR (Austin.Callwood@vi.gov)
Mr. Syed Syedali, VIDPNR (Syed.Syedali@dpnr.vi.gov)
Ms. Mary Koks, Munsch Hardt Kopf & Harr (MKoks@munsch.com)

HOVENSA Environmental Response Trust

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Section Chief
Environmental Enforcement Section
Environment and Natural Resources Division
U.S. Department of Justice
P.O. Box 7611
Ben Franklin Station
Washington, DC 20044-7611
Ref: DOJ No. 90-5-2-1-08229/2

Chief Land and Redevelopment Programs
Branch
Land Chemicals, and Redevelopment Division
EPA Region 2
290 Broadway
New York, NY 10007

Chief, Waste and Toxic Substances Branch
Office of Regional Counsel
EPA Region 2
290 Broadway
New York, NY 10007

HOVENSA Environmental Response Trust 2019 Expenditures vs. Budget

HOVENSA Environmental Response Annual Agency Budget vs Expenditures - Routine - Service Period 2019

Approval Authority	ERT Account	ERT Account			RCRA Financial Assurance Trusts (Administered by EPA)			Limetree (As per Section 7.33 of the Asset Purchase Agreement)			Total		
		ERT Agreement Wind Down Estimate Line Items			2019 Budget	2019 Actuals	DELTA	2019 Budget	2019 Actuals	DELTA	2019 Budget	2019 Actuals	DELTA
		Item No.	Description	Total	Total			Total	Total		Total	Total	
EPA	Remediation	1	PRPP - OWS Testing & Repair	--	--	--	--	--	--	--	177,000	--	177,000
EPA	Remediation	2	Scrap Metal / Recycle Yard Management	--	--	--	--	--	--	--	1,860,000	--	1,860,000
EPA	Remediation	3	Asbestos Landfill	--	--	--	--	--	--	--	--	--	--
EPA	Remediation	4	Corrective Action / Remediation / Hydrocarbon Recovery	--	--	--	1,144,000	1,048,735	95,265	1,612,000	938,362	673,638	2,756,000
EPA	Remediation	5	Landfarm 1 Post-Closure	--	--	--	56,760	59,910	(3,150)	--	--	--	56,760
EPA	Remediation	6	Landfarm 2 & 3 / RCRA Permit	--	--	--	474,000	354,439	119,561	340,000	5,678	334,323	814,000
DPNR	Remediation	7	TPDES	--	--	--	--	--	--	--	--	--	--
EPA	Remediation	8	WWT (Primary & Secondary)	--	--	--	2,100,000	1,560,000	540,000	--	--	--	2,100,000
US DOJ / VI AG	Admin	9	Data & Records Management & Retention	--	--	--	--	--	--	70,000	38,473	31,527	70,000
DPNR	Remediation	10a	Consent Decree - VI SEP	--	--	--	--	--	--	--	--	--	--
EPA	Remediation	10b	Consent Decree - WAPA Project	423,898	--	423,898	--	--	--	--	--	--	423,898
DPNR	Remediation	11	Air Permitting / Title V	--	--	--	--	--	--	--	--	--	--
EPA	Remediation	12 - 24	Tier II, TRI / EI, TSCA, BWON, GHGs, CEMs, Boiler MACT,	--	--	--	--	--	--	--	--	--	--
EPA / DPNR	Admin	25	Potable Water / SDWA	--	--	--	--	--	--	--	--	--	--
US DOJ / VI AG	Admin	26	Utilities: Electric	--	--	--	--	--	--	--	--	--	--
US DOJ / VI AG	Admin	27	Utilities: Compressed Air & Water	--	--	--	--	--	--	20,000	6,236	13,764	20,000
US DOJ / VI AG	Admin	28	Security	--	--	--	--	--	--	--	--	--	--
US DOJ / VI AG	Admin	29	Business Operating Expenses	--	--	--	--	--	--	82,400	40,774	41,626	82,400
DPNR	Admin	30	PLL Insurance Premium	--	--	--	--	--	--	--	--	--	--
US DOJ / VI AG	Admin	31	Fees for Trust and Trustee	--	--	--	--	--	--	200,000	159,308	40,692	200,000
DPNR	Admin	32	Marine Impact Study	--	--	--	--	--	--	--	--	--	--
Total				423,898	--	423,898	3,774,760	3,023,085	751,675	4,361,400	1,188,830	3,172,570	8,560,058

HOVENSA 2019 EXPENDITURE REPORT
SUMMARY OF INVOICES

Sum of Invoice Amount	Service Date												
Total Invoices by Service Date	2019-01	2019-02	2019-03	2019-04	2019-05	2019-06	2019-07	2019-08	2019-09	2019-10	2019-11	2019-12	Grand Total
Access Sciences													
30732											3,605.00		3,605.00
30775											13,490.00		13,490.00
30802												4,280.00	4,280.00
30845												15,820.00	15,820.00
Beckstedt & Associates													
3513						825.00							825.00
3586				630.00									630.00
3693							420.00						420.00
3808							560.00						560.00
3889							560.00						560.00
3973								280.00					280.00
4236										1,625.00			1,625.00
4394												150.00	150.00
Christiansted Equipment													
DH111855								733.88					733.88
RH089127								1,100.00					1,100.00
RH101743								(667.86)					(667.86)
RH111884								36.11					36.11
RH112175								108.33					108.33
SH093787								381.43					381.43
SH096324								948.54					948.54
SH101702								(381.43)					(381.43)
SH101703								(948.54)					(948.54)
SH113036									170.86				170.86
SH113037									1,467.17				1,467.17
SH113165									2,848.47				2,848.47
SH113210									761.25				761.25
SH113211									175.68				175.68
Chugh CPAs LLP													
395816												3,225.00	3,225.00
Citicorp North America													
288769 (#798862)						3,500.00							3,500.00
288792 (#798864)						3,500.00							3,500.00
Geographic Consulting LLC													
6403	1,470.00												1,470.00
6406				3,780.00									3,780.00
6410											3,700.00		3,700.00
Government of the Virgin Islands													
2-04600-0353-00 - 23025815 (2019)									69.24				69.24
2-06510-0230-00 - 23025826 (2019)									279.42				279.42
2-08301-0101-00 - 23025749 (2019)									7,963.20				7,963.20
2-08307-0301-00 - 23025760 (2019)									1,959.52				1,959.52
2-08401-0101-00 - 23025771 (2019)									8,512.80				8,512.80
Groundwater & Environmental Services, Inc.													
546208				102,447.92									102,447.92
839670	35,978.75												35,978.75
839671	80,492.50												80,492.50
841717		42,857.12											42,857.12
841718		94,133.75											94,133.75
844477			157,456.08										157,456.08
844478			98,290.12										98,290.12
846207				49,907.23									49,907.23
848421					43,837.19								43,837.19
848422					90,562.99								90,562.99
851284						69,536.70							69,536.70

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Total Invoices by Service Date	2019-01	2019-02	2019-03	2019-04	2019-05	2019-06	2019-07	2019-08	2019-09	2019-10	2019-11	2019-12	
851285						101,424.89							101,424.89
853141							51,168.85						51,168.85
853142							96,208.70						96,208.70
855291								60,651.88					60,651.88
855292								108,008.75					108,008.75
857899									63,117.53				63,117.53
857900									101,077.46				101,077.46
860153										66,064.04			66,064.04
860154										101,016.25			101,016.25
862906											67,030.43		67,030.43
862907											102,643.15		102,643.15
866112												89,950.65	89,950.65
866114												63,393.41	63,393.41
864460												86,916.25	86,916.25
865595												743.75	743.75
GW/S Environmental Consulting													
2260		2,957.50											2,957.50
2265				1,420.00									1,420.00
2267					742.50								742.50
2271							750.00						750.00
2272								226.15					226.15
2273								1,561.30					1,561.30
2277											6,076.00		6,076.00
J.P. Morgan													
1035230												2,500.00	2,500.00
Limetree Bay Terminals LLC													
200000408				523,313.10									523,313.10
200000410				8,632.49									8,632.49
200000524					135,031.00								135,031.00
200000610							133,626.00						133,626.00
200000740							135,433.00						135,433.00
200000826								132,189.00					132,189.00
200000970										131,310.00			131,310.00
200000969									131,225.00				131,225.00
200001065									17,500.00				17,500.00
200000106											131,151.56		131,151.56
200000107												131,394.95	131,394.95
Locus Technologies													
983299						10,845.09							10,845.09
983656											11,170.44		11,170.44
Munsch													
10393303	1,395.00												1,395.00
10394582		12,020.00											12,020.00
10396538			5,130.00										5,130.00
10399578				2,861.00									2,861.00
10400431					1,800.00								1,800.00
10402759						3,060.00							3,060.00
10403733							12,465.00						12,465.00
10406246								1,858.66					1,858.66
10407661									5,715.00				5,715.00
10410116										11,970.00			11,970.00
10411814											7,158.00		7,158.00
10414338												5,374.03	5,374.03
Pinnacle Services													
26963	233.94												233.94
35768											135.00		135.00

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Total Invoices by Service Date	2019-01	2019-02	2019-03	2019-04	2019-05	2019-06	2019-07	2019-08	2019-09	2019-10	2019-11	2019-12	Grand Total
36442	2,683.76												2,683.76
36572	2,920.64												2,920.64
36573	492.95												492.95
36646	2,999.60												2,999.60
36785	2,920.64												2,920.64
36786	401.04												401.04
36961	2,999.60												2,999.60
37088		2,999.60											2,999.60
37247		2,999.60											2,999.60
37385		2,999.60											2,999.60
37508		2,999.60											2,999.60
37609			2,920.64										2,920.64
37777			1,274.67										1,274.67
37780			2,920.64										2,920.64
37919			2,920.64										2,920.64
38125			2,999.60										2,999.60
38126		12,918.00											12,918.00
38236				2,999.60									2,999.60
38360				2,999.60									2,999.60
38376				2,920.64									2,920.64
38493				2,999.60									2,999.60
38643					2,999.60								2,999.60
38789					2,999.60								2,999.60
38922					2,999.60								2,999.60
38924				1,244.44									1,244.44
39115					2,999.60								2,999.60
39116					2,920.64								2,920.64
39450						2,999.60							2,999.60
39452						2,999.60							2,999.60
39565						2,999.60							2,999.60
39701						2,999.60							2,999.60
39821							2,762.72						2,762.72
39822							12,918.00						12,918.00
39967							2,841.68						2,841.68
40100							2,999.60						2,999.60
40447							2,999.60						2,999.60
40448								2,604.80					2,604.80
40540								2,999.60					2,999.60
40541								191.12					191.12
40613								1,867.32					1,867.32
40772								2,999.60					2,999.60
40782								1,077.56					1,077.56
40912								2,999.60					2,999.60
41068								2,999.60					2,999.60
41257									2,920.64				2,920.64
41445									2,999.60				2,999.60
41541									2,999.60				2,999.60
41907									2,762.72				2,762.72
41908								12,918.00					12,918.00
42042										2,920.64			2,920.64
42043										2,999.60			2,999.60
42346										2,999.60			2,999.60
42351										2,999.60			2,999.60
42364										287.83			287.83
42365										297.35			297.35
42510										2,999.60			2,999.60

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Sum of Invoice Amount	Service Date												
Total Invoices by Service Date	2019-01	2019-02	2019-03	2019-04	2019-05	2019-06	2019-07	2019-08	2019-09	2019-10	2019-11	2019-12	Grand Total
42625											2,999.60		2,999.60
42626										975.18			975.18
43037											2,920.64		2,920.64
43038											2,999.60		2,999.60
43039											2,841.68		2,841.68
43397												2,999.60	2,999.60
43399												2,999.60	2,999.60
43400												1,111.17	1,111.17
43849												2,999.60	2,999.60
43851												2,604.80	2,604.80
43855											12,918.00		12,918.00
44011												583.52	583.52
Project Navigator, Ltd.													
16-102.0619						6,170.08							6,170.08
16-102.0719							13,161.46						13,161.46
16-102.0819								6,290.00					6,290.00
16-102.0919									5,271.50				5,271.50
16-102.1019										4,614.69			4,614.69
16-102.1119											9,443.00		9,443.00
16-102.1219												7,693.67	7,693.67
16-102-0119	9,027.50												9,027.50
16-102-0219		5,899.85											5,899.85
16-102-0319			6,560.00										6,560.00
16-102-0419				7,320.35									7,320.35
16-102-0519					7,049.04								7,049.04
SGS Accutest													
52110351128										2,604.00			2,604.00
52110351129										2,276.00			2,276.00
52110351174										5,774.00			5,774.00
52110351305										2,268.00			2,268.00
52110351896											2,083.00		2,083.00
52110353049											9,148.00		9,148.00
52110353562											4,027.00		4,027.00
52110354023											2,325.00		2,325.00
52110354207											17.00		17.00
52110354246											1,045.00		1,045.00
421-10346438								104.00					104.00
521-10333500	2,550.00												2,550.00
521-10334006	6,246.00												6,246.00
521-10334082	424.00												424.00
521-10334112	1,020.00												1,020.00
521-10336770			192.00										192.00
521-10340788									384.00				384.00
521-10340861									576.00				576.00
521-10341178									1,547.00				1,547.00
521-10341439					1,360.00								1,360.00
521-10342993					296.00								296.00
521-10343011						1,343.00							1,343.00
521-10343018					148.00								148.00
521-10343154						925.00							925.00
521-10343268						929.00							929.00
521-10343774									1,528.00				1,528.00
521-10343806						555.00							555.00
521-10343987						1,290.00							1,290.00
521-10344783							2,628.40						2,628.40
521-10344783C							(2,628.40)						(2,628.40)

HOVENSA 2019 EXPENDITURE REPORT
SUMMARY OF INVOICES

Sum of Invoice Amount	Service Date												Grand Total
Total Invoices by Service Date	2019-01	2019-02	2019-03	2019-04	2019-05	2019-06	2019-07	2019-08	2019-09	2019-10	2019-11	2019-12	
521-10345385									2,816.00				2,816.00
521-10345472							1,182.00						1,182.00
521-10345485							2,312.00						2,312.00
521-10345485C							(2,312.00)						(2,312.00)
521-10345510							208.00						208.00
521-10346029							728.00						728.00
521-10346059							96.00						96.00
521-10346080								5,864.00					5,864.00
521-10346080C								(5,864.00)					(5,864.00)
521-10346121							1,530.00						1,530.00
521-10346124							1,020.00						1,020.00
521-10346417							1,656.00						1,656.00
521-10346433								104.00					104.00
521-10346435								97.00					97.00
521-10346436								104.00					104.00
521-10346439								104.00					104.00
521-10346440							950.00						950.00
521-10346509								208.00					208.00
521-10346591								104.00					104.00
521-10346604								1,020.00					1,020.00
521-10346627								3,570.00					3,570.00
521-10346870								1,530.00					1,530.00
521-10347138								384.00					384.00
521-10347948								510.00					510.00
521-10349289									908.00				908.00
821-10345387									2,626.00				2,626.00
821-10348502								200.00					200.00
email re. 521-10346435								(97.00)					(97.00)
52110355000											54.00		54.00
52110355219												633.60	633.60
52110355779												1,328.00	1,328.00
Grand Total	154,255.92	182,784.62	280,664.39	713,475.97	295,745.76	215,902.16	476,244.61	350,975.40	370,181.66	346,001.38	398,981.10	426,701.60	4,211,914.57